

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	125.27	(0.50)	0.00	124.77	(0.50)	0.00	129.94	129.94
Personal Services	6,639,917	1,040,600	156,517	7,837,034	1,014,324	63,384	7,717,625	15,554,659
Operating Expenses	3,202,051	(519,607)	115,640	2,798,084	(1,346,113)	115,640	1,971,578	4,769,662
Equipment	6,890	13,110	0	20,000	13,110	0	20,000	40,000
Total Costs	\$9,848,858	\$534,103	\$272,157	\$10,655,118	(\$318,679)	\$179,024	\$9,709,203	\$20,364,321
General Fund	7,670,815	372,146	265,758	8,308,719	175,885	150,824	7,997,524	16,306,243
State/Other Special	2,178,043	161,957	6,399	2,346,399	(494,564)	28,200	1,711,679	4,058,078
Total Funds	\$9,848,858	\$534,103	\$272,157	\$10,655,118	(\$318,679)	\$179,024	\$9,709,203	\$20,364,321

Agency Description

The Legislative Branch consists of the legislature and supporting staff divisions as provided in 5-2-504, MCA. The principal agency entities are the Senate, the House of Representatives, the Legislative Services Division, the Legislative Fiscal Division, and the Legislative Audit Division. The budget for the three staff divisions and legislative interim work is presented in HB 2. The budget for House and Senate session activity is presented in HB 1, the "feed bill."

Summary of Legislative Action

Legislative Branch Major Budget Highlights	
○	Total funding increases \$666,600, or 3.4 percent, above the fiscal 2002 base
○	General fund increases \$964,600, or 6.3 percent, above the fiscal 2002 base and is about \$1.3 million, or 7.6 percent, below the present law budget
○	Increases are attributed to statewide present law adjustments and new proposals adding \$200,000 general fund to augment the feed bill and almost \$170,000 for the HB 13 pay plan
○	All other new proposals are eliminated
○	General fund savings are attributed to reductions in information technology, meeting costs, operating budget, elimination of funding for a criminal investigator, and a global general fund reduction to generate additional vacancy savings
○	Branch budget is established as biennial

The total budget for the Legislative Branch includes \$215,400 in present law adjustments and \$451,200 in new proposals for a net increase over the fiscal 2002 base of \$666,600. Present law increases adopted by the legislature are attributed to statewide adjustments for personal services, inflation, and fixed costs. Present law decreases offset some of the increases by reducing funding for information technology, operating budgets, committee meeting costs, and elimination of funding for a criminal investigator in the Audit Division. New proposals added by the legislature provide funding for legislative start-up costs and feed bill augmentation of \$200,000 and for the HB 13 pay plan of \$170,000. The legislature also restored some general fund for information technology needs of about \$231,200 (less than 20 percent of the initial present law reduction). A statewide reduction in personal services was adopted by the legislature, offsetting new proposal increases by about \$150,000.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature.

Total Agency Funding 2005 Biennium Executive Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
Legislative Services	\$ 8,763,503	\$ 1,321,926	\$ 10,085,429	49.5%
Legis. Committees & Activities	627,894	-	627,894	3.1%
Fiscal Analysis & Review	2,578,185	-	2,578,185	12.7%
Audit & Examination	<u>4,336,661</u>	<u>2,736,152</u>	<u>7,072,813</u>	<u>34.7%</u>
Grand Total	<u>\$ 16,306,243</u>	<u>\$ 4,058,078</u>	<u>\$ 20,364,321</u>	<u>100.0%</u>

Other Legislation

House Bill 689 - This bill revises laws relating to lobbying. It establishes a payment threshold of \$2,150 that exempts an individual from being required to register as a lobbyist and pay the license fee contained in 5-7-103, MCA, if the individual is paid less than this amount. Of the \$150 filing fee, \$50 is deposited to the general fund and \$100 to a state special revenue account that is appropriated to the Legislative Services Division to fund the state broadcasting system (TVMT). Implementation of the payment threshold will reduce state special revenue for TVMT by \$19,400 and general fund by \$9,700 over the 2005 biennium.

Study Resolutions and Interim Studies - The legislature passed several bills containing study resolutions requesting specific interim studies. These studies are prioritized by legislative direction, and available staff and funding. As many studies as possible will be completed during the interim period. The following summarizes legislation and interim study resolutions in priority order as voted by members of the legislature following the end of the session:

Senate Joint Resolution 32 - requests an interim study on malpractice rates and tort reform

House Joint Resolution 3 - requests an interim study on a child abuse and neglect proceeding representation

House Joint Resolution 4 - requests an interim study on water management practices review

Senate Joint Resolution 17 - requests an interim study on simplification of work comp laws

Senate Joint Resolution 31 - requests an interim study on elements of Montana's juvenile justice system regarding juvenile probation

Senate Joint Resolution 11 - requests an interim study on the problems of alcohol and drug abuse and of prevention, early intervention, and treatment

Senate Joint Resolution 29 - requests an interim study on appraisal of centrally assessed property

House Joint Resolution 43 - requests an interim study on the reclamation efforts at the Zortman and Landusky mine sites

House Joint Resolution 37 - requests an interim study on the subdivision and platting act

House Joint Resolution 35 - requests an interim study on state share of water under the Yellowstone River Compact

House Joint Resolution 40 - requests an interim study on the effect of bonds on water use

House Joint Resolution 8 - requests an interim study of drop-out issues with regard to Indian students

Senate Joint Resolution 13 - requests an interim study on energy efficiency in relation to state building codes

House Bill 509 – establishes an energy and telecommunications interim committee

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2002	Executive Budget Fiscal 2004	Legislative Budget Fiscal 2004	Leg – Exec. Difference Fiscal 2004	Executive Budget Fiscal 2005	Legislative Budget Fiscal 2005	Leg – Exec. Difference Fiscal 2005	Biennium Difference Fiscal 04-05
FTE	125.27	123.77	124.77	1.00	128.94	129.94	1.00	
Personal Services	6,639,917	7,670,098	7,837,034	166,936	7,597,894	7,717,625	119,731	286,667
Operating Expenses	3,202,051	3,820,050	2,798,084	(1,021,966)	2,661,141	1,971,578	(689,563)	(1,711,529)
Equipment	6,890	20,000	20,000	0	20,000	20,000	0	0
Total Costs	\$9,848,858	\$11,510,148	\$10,655,118	(\$855,030)	\$10,279,035	\$9,709,203	(\$569,832)	(\$1,424,862)
General Fund	7,670,815	9,170,148	8,308,719	(861,429)	8,595,556	7,997,524	(598,032)	(1,459,461)
State/Other Special	2,178,043	2,340,000	2,346,399	6,399	1,683,479	1,711,679	28,200	34,599
Total Funds	\$9,848,858	\$11,510,148	\$10,655,118	(\$855,030)	\$10,279,035	\$9,709,203	(\$569,832)	(\$1,424,862)

Executive Budget Comparison

The legislature reduced the original budget request as published in the Executive Budget by over \$1.4 million as follows: 1) elimination of all new proposals, including network connections for legislator laptops and legislative participation in NCSL, CSG, the Legislative Council on River Governance, and the Pacific Northwest Economic Region; 2) reductions in information technology funding (branch network and application support); 3) reduction to committee meeting costs; 4) elimination of funding for a criminal investigator; 5) general reduction to the operating budget; and 6) application of a statewide reduction in personal services (approximately \$150,000 over the biennium for the branch). This reduction was applied to one program, and language was added allowing the department to reallocate among programs as necessary. All reductions are to general fund.

In addition, the legislature added \$200,000 general fund over the biennium for legislative start-up costs and \$170,000 for the HB 13 pay plan. State special revenue increases slightly over the level published in the Executive Budget due to funding added for the HB 13 pay plan.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	49.50	1.00	0.00	50.50	1.00	0.00	55.67	55.67
Personal Services	2,680,398	446,581	137,947	3,264,926	511,385	(17,760)	3,174,023	6,438,949
Operating Expenses	2,546,554	(687,472)	115,640	1,974,722	(1,030,436)	115,640	1,631,758	3,606,480
Equipment	6,890	13,110	0	20,000	13,110	0	20,000	40,000
Total Costs	\$5,233,842	(\$227,781)	\$253,587	\$5,259,648	(\$505,941)	\$97,880	\$4,825,781	\$10,085,429
General Fund	4,328,746	(259,826)	252,051	4,320,971	20,136	93,650	4,442,532	8,763,503
State/Other Special	905,096	32,045	1,536	938,677	(526,077)	4,230	383,249	1,321,926
Total Funds	\$5,233,842	(\$227,781)	\$253,587	\$5,259,648	(\$505,941)	\$97,880	\$4,825,781	\$10,085,429

Program Description

The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support services to the House, Senate, and other divisions of the Legislative Branch. Division services include: 1) bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills; 2) publication of legislative documents of record; 3) provision of legislative research and reference services, legal counseling on legislative matters, and agency legal support; 4) agency management and business services; 5) planning, installation and maintenance of the agency computer network and applications; 6) legislative committee staffing and support; 7) preparation, publication and distribution of the Montana Code Annotated text and annotations; 8) review of the text of proposed ballot measures; 9) broadcasting of legislative activities; and 10) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

Program Narrative

Legislative Branch Legislative Services Major Budget Highlights
<ul style="list-style-type: none"> ○ Funding decreases \$382,300 below the fiscal 2002 base level ○ Budget balancing reductions primarily impact information technology funding ○ A statewide personal services reduction of \$150,000 can be allocated to other programs ○ Funding of \$70,000 added for the HB 13 pay plan ○ Funding of \$200,000 added to augment the feed bill ○ Includes adjustments to accommodate the cyclical nature of legislative sessions

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table						
Legislative Services						
	Base	% of Base	Budget	% of Budget	Budget	% of Budget
Program Funding	Fiscal 2002	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005
01100 General Fund	\$ 4,328,746	82.7%	\$ 4,320,971	82.2%	\$ 4,442,532	92.1%
02800 Reimbursable Activities	905,096	17.3%	899,427	17.1%	362,499	7.5%
02985 State Government Broadcasting	-	-	39,250	0.7%	20,750	0.4%
Grand Total	\$ 5,233,842	100.0%	\$ 5,259,648	100.0%	\$ 4,825,781	100.0%

The Legislative Services Program is funded by general fund except for state special revenue appropriations that support costs associated with the state broadcasting service and the preparation, publication, and distribution of Montana Code Annotated text and annotations. For the 2005 biennium, \$8.7 million general fund provides 86.9 percent of division funding, and \$1.3 million state special revenue provides 13.1 percent of the division budget.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					390,048					437,038
Inflation/Deflation					7,621					7,699
Fixed Costs					41,905					140,004
Total Statewide Present Law Adjustments					\$439,574	\$584,741				
DP 1 - LSD Biennial Program Operations										
	1.00	(718,902)	51,547	0	(667,355)	1.00	(757,715)	(332,967)	0	(1,090,682)
Total Other Present Law Adjustments										
	1.00	(\$718,902)	\$51,547	\$0	(\$667,355)	1.00	(\$757,715)	(\$332,967)	\$0	(\$1,090,682)
Grand Total All Present Law Adjustments					(\$227,781)	(\$505,941)				

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - LSD Biennial Program Operations - The legislature approved a present law adjustment for cyclical costs associated with support of the 2005 legislative session. The adjustment is for cyclical legislative session requirements not reflected in even-numbered base years and includes payment of staff overtime, temporary staffing, photocopy pool costs, and office supplies. Included in the decision package is the elimination of contracted IT support in exchange for an additional FTE at a lower cost. Operational decreases occur in consulting services, travel, and minor equipment, as well as printing, shipping, and credit card and royalty fees related to non-base year reductions in the publication and distribution of the Montana Codes Annotated. The Legislative Services Division budget is presented in annual format for budget review only; the budget is established as biennial to respond to the need to responsibly manage the branch cyclical expenditures and revenues.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 655 - Personal Services Reduction										
20	0.00	(74,851)	0	0	(74,851)	0.00	(74,851)	0	0	(74,851)
DP 6800 - HB 13 - Pay Plan										
20	0.00	11,262	1,536	0	12,798	0.00	52,861	4,230	0	57,091
DP 9200 - Feed Bill Augmentation (Biennial)										
20	0.00	200,000	0	0	200,000	0.00	0	0	0	0
DP 9400 - Legislative Increase										
20	0.00	115,640	0	0	115,640	0.00	115,640	0	0	115,640
Total	0.00	\$252,051	\$1,536	\$0	\$253,587	0.00	\$93,650	\$4,230	\$0	\$97,880

New Proposals

DP 655 - Personal Services Reduction - The legislature applied a further vacancy savings on general fund positions. The average for the branch is 0.9 percent on general fund and 0.7 percent on total funding. This reduction was applied to one program, and language was added allowing the department to reallocate among programs as necessary.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 9200 - Feed Bill Augmentation - The legislature added a \$200,000 biennial appropriation for legislative startup costs.

DP 9400 - Legislative Increase - The legislature restored \$231,280 general fund for the biennium for LAWS system support, legislative branch systems interface with the executive branch system upgrades, and two intern positions.

Language

"Item 1 includes a reduction in general fund money of \$74,851 in fiscal year 2004 and \$74,851 in fiscal year 2005 for the statewide FTE reduction. The branch may allocate this reduction in funding among programs when developing 2005 biennium operating plans."

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	0.97	0.00	0.00	0.97	0.00	0.00	0.97	0.97
Personal Services	68,842	29,871	0	98,713	(68,842)	0	0	98,713
Operating Expenses	306,254	222,927	0	529,181	(306,254)	0	0	529,181
Total Costs	\$375,096	\$252,798	\$0	\$627,894	(\$375,096)	\$0	\$0	\$627,894
General Fund	348,012	279,882	0	627,894	(348,012)	0	0	627,894
State/Other Special	27,084	(27,084)	0	0	(27,084)	0	0	0
Total Funds	\$375,096	\$252,798	\$0	\$627,894	(\$375,096)	\$0	\$0	\$627,894

Program Description

The Legislative Committees and Activities Program processes and monitors the expenditures of various legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include: 1) limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

Program Narrative

Legislative Branch Legislative Committees & Activities Major Budget Highlights	
<ul style="list-style-type: none"> ○ Funding is over \$162,000 below 2003 biennium funding ○ Budget balancing reductions reduce interim committee meetings by one meeting per interim committee compared to previous biennia 	

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table Legis. Committees & Activities				
<u>Program Funding</u>	<u>Base Fiscal 2002</u>	<u>% of Base Fiscal 2002</u>	<u>Budget Fiscal 2004</u>	<u>% of Budget Fiscal 2004</u>
01100 General Fund	\$ 348,012	92.8%	\$ 627,894	100.0%
02482 Program 21 Interim Studies	27,084	7.2%	-	-
Grand Total	\$ 375,096	100.0%	\$ 627,894	100.0%

The program is funded with general fund.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(11,226)					(11,423)
Inflation/Deflation					609					709
Total Statewide Present Law Adjustments					(\$10,617)					(\$10,714)
DP 3 - Interim Committee Biennial Operations	0.00	263,415	0	0	263,415	0.00	(364,382)	0	0	(364,382)
Total Other Present Law Adjustments										
	0.00	\$263,415	\$0	\$0	\$263,415	0.00	(\$364,382)	\$0	\$0	(\$364,382)
Grand Total All Present Law Adjustments					\$252,798					(\$375,096)

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3 - Interim Committee Biennial Operations - The legislature approved funds in fiscal 2004 to support activities of statutory committees, interim committees and interstate organizational participation. The approved budget includes a reduction in funding to eliminate one meeting per interim committee compared to previous biennia. The budget is presented as a biennial appropriation in the first year to reflect the biennial nature of legislative operations.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	18.80	0.00	0.00	18.80	0.00	0.00	18.80	18.80
Personal Services	1,086,713	119,171	5,019	1,210,903	127,530	22,118	1,236,361	2,447,264
Operating Expenses	54,418	(8,211)	0	46,207	30,296	0	84,714	130,921
Total Costs	\$1,141,131	\$110,960	\$5,019	\$1,257,110	\$157,826	\$22,118	\$1,321,075	\$2,578,185
General Fund	1,141,131	110,960	5,019	1,257,110	157,826	22,118	1,321,075	2,578,185
Total Funds	\$1,141,131	\$110,960	\$5,019	\$1,257,110	\$157,826	\$22,118	\$1,321,075	\$2,578,185

Program Description

The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include: 1) fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; 2) identification of ways to effect economy and efficiency in state government; 3) estimation of revenue and analysis of tax policy; 4) analysis of the executive budget; 5) compiling and analyzing fiscal information for legislators and legislative committees; and 6) staffing and support for legislative committees, including the preparation and processing of the General Appropriations Act. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

Program Narrative

Legislative Branch Fiscal Analysis & Review Major Budget Highlights	
<ul style="list-style-type: none"> Statewide present law adjustments increase program funding primarily for personal services and cyclical nature of costs of legislative sessions Funding of \$27,100 added for the HB 13 pay plan Budget balancing reductions reduce the operating budget by \$10,700 	

Funding

This program is funded with general fund.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				119,171					121,030
Inflation/Deflation				2,489					2,496
Total Statewide Present Law Adjustments				\$121,660					\$123,526
DP 8 - LFD Biennial Program Operations									
0.00	(10,700)	0	0	(10,700)	0.00	34,300	0	0	34,300
Total Other Present Law Adjustments									
0.00	(\$10,700)	\$0	\$0	(\$10,700)	0.00	\$34,300	\$0	\$0	\$34,300
Grand Total All Present Law Adjustments				\$110,960					\$157,826

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature.

"Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 8 - LFD Biennial Program Operations - The legislature approved a present law adjustment for cyclical costs associated with support of the 2005 legislative session. The adjustment is for cyclical requirements not reflected in even-numbered base years and includes payment of staff overtime, temporary services, printing, photocopy pool costs, and office supplies. Operating expenses are reduced \$10,700 below the base level. The Legislative Fiscal Division budget is presented in annual format for budget review only. The budget is established as biennial to respond to the need to responsibly manage branch cyclical expenditures and revenues.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
27	0.00	5,019	0	0	5,019	0.00	22,118	0	0	22,118
Total	0.00	\$5,019	\$0	\$0	\$5,019	0.00	\$22,118	\$0	\$0	\$22,118

New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund the pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	56.00	(1.50)	0.00	54.50	(1.50)	0.00	54.50	54.50
Personal Services	2,803,964	444,977	13,551	3,262,492	444,251	59,026	3,307,241	6,569,733
Operating Expenses	294,825	(46,851)	0	247,974	(39,719)	0	255,106	503,080
Total Costs	\$3,098,789	\$398,126	\$13,551	\$3,510,466	\$404,532	\$59,026	\$3,562,347	\$7,072,813
General Fund	1,852,926	241,130	8,688	2,102,744	345,935	35,056	2,233,917	4,336,661
State/Other Special	1,245,863	156,996	4,863	1,407,722	58,597	23,970	1,328,430	2,736,152
Total Funds	\$3,098,789	\$398,126	\$13,551	\$3,510,466	\$404,532	\$59,026	\$3,562,347	\$7,072,813

Program Description

The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include: 1) conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations; 2) reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and shortages discovered in an audit that are covered by surety; 3) auditing records of entities under contract with the state; and 4) assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government. The Legislative Audit Committee provides policy guidance to the Legislative Audit Division.

Program Narrative

Legislative Branch Audit & Examination Major Budget Highlights	
<ul style="list-style-type: none"> Statewide present law adjustments increase program funding primarily for personal services Funding of \$72,600 added for the HB 13 pay plan Budget balancing reductions eliminate 1.50 FTE due to a change in audit procedures for the Montana University System and eliminate funding for a criminal investigator 	

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table Audit & Examination						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 1,852,926	59.8%	\$ 2,102,744	59.9%	\$ 2,233,917	62.7%
02042 Legislative Audit	<u>1,245,863</u>	<u>40.2%</u>	<u>1,407,722</u>	<u>40.1%</u>	<u>1,328,430</u>	<u>37.3%</u>
Grand Total	<u>\$ 3,098,789</u>	<u>100.0%</u>	<u>\$ 3,510,466</u>	<u>100.0%</u>	<u>\$ 3,562,347</u>	<u>100.0%</u>

The Audit & Examination Program is funded by a combination of general fund and state special revenue appropriations. Special revenue is derived through the assessment, to agencies, of federally approved hourly rate charges for audit

services. For the 2005 biennium, \$4.3 million general fund provides 61.3 percent of the division funding, while \$2.7 million state special revenue provides 38.7 percent.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					498,862					497,955
Inflation/Deflation					2,990					3,694
Fixed Costs					(12,132)					(7,704)
Total Statewide Present Law Adjustments					\$489,720					\$493,945
DP 9 - LAD Biennial Program Operations										
	(1.50)	(75,294)	(16,300)	0	(91,594)	(1.50)	(75,270)	(14,143)	0	(89,413)
Total Other Present Law Adjustments	(1.50)	(\$75,294)	(\$16,300)	\$0	(\$91,594)	(1.50)	(\$75,270)	(\$14,143)	\$0	(\$89,413)
Grand Total All Present Law Adjustments					\$398,126					\$404,532

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 9 - LAD Biennial Program Operations - The legislature adopted present law adjustments including a reduction below the base in operating expenses. Also, included in the adjustment is a 1.50 FTE reduction, resulting from a change in audit approach for the Montana University System. This reduction will not reduce audit services, rather it saves the state money by consolidating the university financial statements. Other changes from base include cyclical costs associated with a biennial independent audit of the legislative branch and audit division, the biennial Peer Review required by Government Auditing Standards, and costs associated with preparation of a branch disaster recovery plan and reactive system development needs. The Legislative Audit Division budget is presented in annual format for budget review only. The budget is established as biennial to respond to the need to responsibly manage branch cyclical expenditures and revenues.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
28	0.00	8,688	4,863	0	13,551	0.00	35,056	23,970	0	59,026
Total	0.00	\$8,688	\$4,863	\$0	\$13,551	0.00	\$35,056	\$23,970	\$0	\$59,026

New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund the pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Language

The legislature added the following language:

"The legislature requests the legislative audit committee to make it a high priority to conduct a performance audit of the

governor's office of economic development and requests that the audit include a review of the office's benchmarks, the basis and accuracy of reported status indicators, statistics, and accomplishments, and the program's effectiveness and outcomes.”